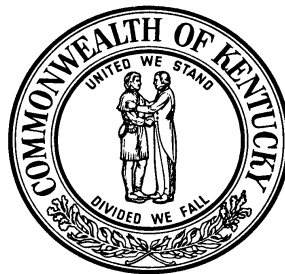


**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
FORMER MADISON COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period November 1, 2007
Through October 31, 2008**



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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

John R. Farris, Secretary, Finance and Administration Cabinet
The Honorable Stephen M. Smith
Former Madison County Property Valuation Administrator
Richmond, Kentucky 40475

We have performed the procedures enumerated below, which were agreed to by the former Madison County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for the period November 1, 2007 through October 31, 2008. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the former Madison County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (October 31, 2008), for all bank accounts, to determine if amounts are accurate.

Finding -

PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. The October 31, 2008, bank reconciliation was re-performed and was accurate.

2. Procedure -

Confirm any and all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

City payments were confirmed, compared to the receipts ledger, and tested for completeness. No exceptions noted.



John R. Farris, Secretary, Finance and Administration Cabinet
The Honorable Stephen M. Smith
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(Continued)

3. Procedure -

Confirm any and all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

Fiscal Court payment to the PVA was confirmed, agreed to the receipts ledger, and was deposited in the PVA's bank account. The budgeted statutory contribution agreed with the amount calculated by the Department of Revenue.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

Auditor selected 15 disbursements from PVA's records and agreed amounts to cancelled checks and invoices, and determined the selected expenditures were for official business. No exceptions noted. PVA's office does not maintain an office credit card.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

There were no capital outlay disbursements noted during the period covered by our agreed upon procedures.

6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

The PVA has no vehicle lease agreements, personal service contracts, or professional service contracts. Contracts noted were for phone service and copiers, and appeared to be for official business, properly authorized, and appropriate. No exceptions noted.

John R. Farris, Secretary, Finance and Administration Cabinet
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Former Madison County Property Valuation Administrator
(Continued)

7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

The PVA could not locate the finalized disbursements ledger for fiscal year ending June 30, 2008. Based on auditor's review of expenditure records, the PVA does not appear to have overspent the budget in any account series.

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if a collateral agreement exists.

Finding -

Collateral was necessary for PVA's funds. Pledge of securities was adequate to cover PVA's deposits, however, there does not appear to be a written collateral security agreement between the PVA and the depository bank.

9. Procedure -

Determine whether timesheets are completed, maintained, approved, and support hours worked.

Finding -

Timesheets were completed, maintained, approved, and support hours worked.

10. Procedure -

Determine whether cash balances were properly transferred from former PVA to new PVA.

Finding -

Cash balances were properly transferred to the Department of Revenue representative that will serve as the interim PVA.

11. Procedure -

For newly hired employees, during November 1, 2007 through October 31, 2008, of the PVA office determine if the Ethics Certification Form has been completed and is on file.

Finding -

No employees were hired during the period covered by our agreed upon procedures.

John R. Farris, Secretary, Finance and Administration Cabinet
The Honorable Stephen M. Smith
Former Madison County Property Valuation Administrator
(Continued)

12. Procedure -

Determine if the PVA's office was closed any day other than the state's approved holidays. If so, determine if the proper procedures and forms were completed.

Finding -

PVA's office was closed only on state's approved holidays.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Property Valuation Administrator and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

October 31, 2008